

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-02 H-02 PM-03 USIE-00 INRE-00

NSCE-00 SSO-00 /081 W

----- 029708

O R 051940Z MAY 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 9034

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

LIMITED OFFICIAL USE BRASILIA 3469

E. O. 11652: N/A

TAGS: ECIN, OAS, BR, XM

SUBJECT: PROPOSAL ON COLLECTIVE ECONOMIC SECURITY OAS

REFS: A. STATE 96127

B. CEESI DRAFT CONVENTION (FEB 1975)

C. STATE 147134 (9 JULY 1974)

D. STATE 68862 (5 APRIL 1974)

1. SUMMARY. BRAZIL FORESESSES THAT MEANINGFUL AGREEMENT ON COLLECTIVE ECONOMIC SECURITY (CES) IS GOING TO REQUIRE MORE DISCUSSION FOLLOWING GENERAL ASSEMBLY, BUT THIS IS PREFERABLE TO VOTING ON CURRENT TEXT (REF B), WHICH MIGHT GIVE "FORMAL VICTORY" TO PROPONENTS BUT WOULD NOT RESULT IN A USEFUL AGREEMENT IF THE US IS OPPOSED. BRAZIL HAS SERIOUS RESERVATIONS

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ABOUT SETTING UP TRIBUNAL TO DETERMINE ECONOMIC DAMAGE AND

AWARD COMPENSATION BINDING ON SIGNATORIES, ESPECIALLY IN VIEW OF ITS OWN EXPANDING NETWORK OF LA ECONOMIC RELATIONSHIPS AND THE DANGER THAT BRAZIL COULD SOMEDAY ITSELF BE ACCUSED OF ECONOMIC "COERCION." RECOMMEND THAT US DEL MAKE EARLY ATTEMPT TO DISCUSS CES WITH BRAZILIAN DEL.  
END SUMMARY.

2. IN 2 MAY DISCUSSION WITH EMBOFFS, PAULO LIMA, CHIEF OF OAS DIVISION OF FORMIN, SAID THAT BRAZIL:  
--IS CONCERNED ABOUT SOME OF THE PROVISIONS OF THE CURRENT DRAFT OF THE PROPOSED CES CONVENTION (REF B), AND BELIEVES THAT THE BEST APPROACH IS TO CONTINUE DISCUSSIONS AFTER THE GENERAL ASSEMBLY IN THE HOPE OF RESOLVING DIFFERENCES;  
--PREFERS THIS APPROACH TO HAVING ISSUE FORCED AT GENERAL ASSEMBLY, RESULTING IN A "FORMAL VICTORY" FOR PROPONENTS BUT AN AGREEMENT NOT SUPPORTED BY THE US AND ONLY HALF-HEARTEDLY BR SUCH COUNTRIES AS BRAZIL;  
--DOES NOT BELIEVE THAT PERU WILL HAVE ENOUGH SUPPORT TO FORCE A VOTE AT THE GENRAL ASSEMBLY.

3. BRAZIL CONTINUES TO OPPOSE THE ESTABLISHMENT OF HIGH-LEVEL TRIBUNALS WITHIN THE OAS TO HEAR CHARGES OF ECONOMIC COERCION, DETERMINE DAMAGES, AND AWARD COMPENSATION (REF B, ARTICLE 9) WHOSE PAYMENT WOULD BE BINDING ON SIGNATORIES (REF B, ARTICLE 12). LIMA MADE CLEAR THAT BRAZIL'S VIEWS ON THIS WERE AFFECTED BY ITS OWN EXPANDED ECONOMIC TIES THROUGHOUT THE HEMISPHERE, AND THE DISTINCT POSSIBILITY THAT BRAZIL COULD SOMEDAY BE CONFRONTED WITH CHARGES OF COERCION LEVIED BY ITS NEIGHBORS. HE ALSO POINTED TO BRAZIL'S CONCERN THAT, WITHOUT FIRM GUIDELINES, TRIBUNAL COULD MADE DECISIONS ON POLITICAL GROUNDS AND ON A WIDE RANGE OF SUBJECTS. AS A HYPOTHETICAL EXAMPLE, LIMA SAID THAT URUGUAY MIGHT BE ABLE TO SEEK REDRESS AGAINST BRAZIL IF A NEW PORT IN PORTO ALEGRE CAUSED ECONOMIC HARM TO MONTEVIDEO'S PORT. AS ANOTHER EXAMPLE, HE NOTED THAT THE US COULD APPEAL FOR COMEPNSATION IF A BRAZILIAN TRADE ACTION DAMAGED US ECONOMIC INTERESTS.

4. EMBOFFS AGREED THAT, WHILE SUPPORTING THE CONCEPT OF CES, US HAS SAME CONCERNS OVER TRIBUNAL WITH ILL-DEFINED JURISDICTION, NO FACT-FINDING MECHANISM, INADEQUATE GUIDELES, AND POTENTIAL LIMITED OFFICIAL USE

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FOR TAKIN POLITICALLY-MOTIVATED ACTIONS. EMBOFFS REITERATED US SUPPORT FOR EXPANDED USE OF CONCILIATION, CONSULTATIONN AND EXCHANGE OF INFORMATION AR THE MOST USEFUL APPROACH TO CES.

5. IN POST-GENERAL ASSEMBLY DISCUSSIONS ON CES, LIMA SAID THAT BRAZIL WOULD WOCK TO BROADEN THE CONCEPT OF CES TO ENCOMPASS FOUR BASIC APECTS INCLUDED IN BRAIL'S UN PROPOSAL ON CES: (A0 INQUIRY AND STUDY AIMED AT FORESEEING POTENTIAL PROBLEMS, (B)

MECHANISMS TO CORRECT INTERNATIONAL INCOME INEQUALITIES AND PROMOTE ECONOMIC DEVZLOPMSNT, (C) AN "EMERGENCY" DEVICE TO COALESCE SUPPORT FOR A SERIOUSLY AFFECTED COUNTRY, AND (D) A "REGULATORY" FUNCTION FOR IDENTIFYING NEW AREAS WHERE CODES OF CONDUCT CAN BE WORKED OUT. OVERALL, ACCORDING TO LIMA, THE BRAZILIAN GOAL IS TO MAKE

CHANGING THE NEGATIVE TONE OF THE PERUVIAN INITIATIVE WHICH CENTERS ON THE SANCTION-LEVYING TRIBUNAL, A FEATURE NOT PRESENT IN BRAZIL'S CONCEPT OF THE "REGULATORY" FUNCTION.

6. RECOMMENDATION. THE BRAZILIAN DELEGATION WILL BE RECEPTIVE TO ANY INITIATIVE TO CONTINUE DISCUSSIONS AND FORESTALL A VBTE ON CES, WITH THE OBJECTIVE OF TRYING TO REACH AN EVENTUAL CONSENSUS ALONG THE LINES OF BRAZILIAN THINKING. THERE, EMBASSY RECOMMENDS THAT US DEL SEEK EARLY, PRIVATE MEETING WITH BRAZILIAN DEL IN ORDER EXPLORE OPPORTUNITIES FOR MUTUAL SUPPORT IN GENERAL ASSEMBLY AND IN DISCUSSIONS THEREAFTER.  
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## Message Attributes

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